

## Message Text

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ACTION EA-09

INFO OCT-01 ISO-00 CIAE-00 DODE-00 PM-04 H-02 INR-07 L-03

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R 291203Z DEC 75

FM AMEMBASSY BANGKOK

TO SECSTATE WASHDC 6109

INFO COMUSMACTHAI BANGKOK

CINCPAC HONOLULU

AMCONSUL CHIANG MAI

AMCONSUL UDORN

AMCONSUL SONGKHLA

C O N F I D E N T I A L SECTION 1 OF 2 BANGKOK 26894

E.O. 11652: GDS

TAGS: PINT, PFOR, PGOV, TH

SUBJECT: THAI GOVERNMENT FACES SERIES OF POLITICAL,  
ECONOMIC TESTS

SUMMARY: SERIES OF ESSENTIALLY UNRELATED POLITICAL AND  
ECONOMIC PROBLEMS IS CURRENTLY FACING ROYAL THAI GOVERNMENT  
OR WILL COME UP IN NEXT FEW WEEKS. ONCE AGAIN, PRIME  
MINISTER KHUKRIT, WHO HAS DEMONSTRATED EXCEPTIONAL SKILL  
IN AVOIDING OR DEFUSING POTENTIALLY TROUBLESOME ISSUES,  
WILL BE CALLED ON TO DANCE THROUGH THIS MINEFIELD. ON  
THE WHOLE, WE BELIEVE RTG WILL SUCCESSFULLY RESOLVE  
THESE PROBLEMS OR REDUCE THEM TO MANAGEABLE PROPORTIONS.  
HOWEVER, POSSIBILITY CANNOT BE ENTIRELY EXCLUDED THAT  
KHUKRIT WILL LOSE HIS FOOTING ON ONE OR MORE OF THESE  
PROBLEMS AND LOSE CONFIDENCE MOTION WHEN PARLIAMENT  
RECONVENES FEB. 5. END SUMMARY

1. A SERIES OF ESSENTIALLY UNRELATED POLITICAL AND  
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ECONOMIC ISSUES IS ATTRACTING PUBLIC ATTENTION IN THAILAND,

INDICATING THAT SIGNIFICANT PRESSURE MAY BE PLACED ON THE KHUKRIT GOVERNMENT IN THE NEXT FEW WEEKS. THESE ISSUES ARE AS FOLLOWS:

2. POLITICAL ISSUES: MOST IMMEDIATELY PRESSING ISSUE IS GROWING MUSLIM PROTEST OVER KILLING OF FIVE MUSLIMS, ALLEGEDLY BY THAI MARINES, IN PATTANI PROVINCE ON NOV. 29. INCIDENT ACQUIRED INCREASED IMPACT AGAINST BACKGROUND OF PERENNIAL THAI INDIFFERENCES OR EVEN HOSTILITY TO MUSLIMS WHO CONSTITUTE A MAJORITY IN THREE SOUTHERN PROVINCES OF PATTANI, YALA, AND NARATHIWAT. SITUATION WAS FURTHER AGGRAVATED BY INCIDENT IN PATTANI DEC 13 WHEN GRENADE EXPLODED IN CROWD, KILLING 13 PERSONS. RESPONSIBILITY FOR INCIDENT NOT CLEAR. PRIME MINISTER KHUKRIT HAS THUS FAR RESISTED MUSLIM DEMANDS THAT HE VISIT PATTANI TO REVIEW SITUATION ON THE SPOT, STATING THAT HE IS CONCERNED THAT IF HE MAKES SUCH TRIP, HE WILL INEVITABLY BE DRAWN INTO OTHER INCIDENTS IN DIFFERENT PARTS OF COUNTRY, TO DETRIMENT OF HIS DUTIES. BANGKOK PRESS REPORTS DEC 29 THAT 10,000 MUSLIMS PEACEFULLY DEMONSTRATED IN PATTANI DEC 28 IN PROTEST AGAINST GOVERNMENT INACTION IN IDENTIFYING CULPRITS OF NOV 29 AND DEC 13 INCIDENTS. SMALL RALLIES HAVE BEEN ORGANIZED BY MUSLIM SUPPORTERS IN BANGKOK, BUT WITH ONLY LIMITED IMPACT SO FAR.

3. CENTRAL COMMITTEE OF DEMOCRAT PARTY (WITH 72 MP'S, IT IS THE LARGEST SINGLE PARTY IN THE HOUSE OF REPRESENTATIVES) MET DEC 24 AND CONDEMNED KHUKRIT GOVERNMENT FOR DECISIONS CONTRIBUTING TO HIGH COST OF LIVING, GROWING PROBLEM OF DISSIDENCE IN SOUTHERN THAILAND, AND ITS HANDLING OF THE TEMCO ISSUE. DEMOCRAT MP'S SCHEDULED TO MEET DEC 30 TO DECIDE WHETHER PARTY SHOULD PRESS FOR SPECIAL SESSION OF PARLIAMENT TO VOTE ON MOTION OF NO-CONFIDENCE IN KHUKRIT GOVERNMENT BEFORE NEXT REGULAR SESSION OF PARLIAMENT FEB 5. THERE IS THUS FAR ONLY LUKEWARM SUPPORT FROM OTHER OPPOSITION PARTIES TO A VOTE OF NO-CONFIDENCE IN GOVERNMENT, EITHER IN SPECIAL SESSION OR IN REGULAR SESSION, AND NO REPORT NO SIGN THAT GOVERNMENT

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COALITION PARTIES ARE CRACKING UP. OPPOSITION, OF COURSE, MUST PERIODICALLY MOVE NO-CONFIDENCE MOTIONS IN ORDER TO RETAIN ITS MORALE AND CREDIBILITY AS ALTERNATIVE TO PRESENT GOVERNMENT. HOWEVER, ON PRESENT READING, ODDS ARE AGAINST OVERTURN OF GOVERNMENT THROUGH NO-CONFIDENCE MOTION.

4. A SIGNIFICANT BY-ELECTION, NOW SCHEDULED FOR FEB 21,

MAY HAVE IMPACT ON THE DEVELOPING POLITICAL SITUATION. FOLLOWING THE MURDER OF NEW FORCE PARTY MP CHALOEMCHAI THONGTANTRAI (APPARENTLY FOR PERSONAL, NOT POLITICAL REASONS) ON DEC 4, A BY-ELECTION TO FILL THE VACANT SEAT WAS ORDERED. THUS FAR NEW FORCE PARTY HAS NOMINATED CHAN BUASONT, 43-YEAR OLD HEADMASTER OF A LOPBURI PRIVATE SCHOOL, AS ITS CANDIDATE. MINISTER OF AGRICULTURE THAWIT KLINPRATHUM, LEADER OF SOCIAL JUSTICE PARTY, HAS ANNOUNCED HE WILL BE CANDIDATE (HE WAS DEFEATED IN JANUARY, 1975, ELECTIONS IN HIS HOME PROVINCE OF RATCHABURI.). MOST POLITICAL SPECULATION IS THAT NEW FORCE PARTY WILL RETAI SEAT, BUT BY-ELECTION IS LIKELY TO ATTRACT CONSIDERABLE ATTENTION, AS IT IS FIRST TO BE HELD SINCE ELECTIONS OF JANUARY, 1975.

5. AN UNRESOLVED ISSUE STILL OUTSTANDING IS THE FATE OF THE LOCAL GOVERNMENT ELECTIONS BILL. PASSED BY PARLIAMENT ON NOV 7, IT HAS NOT YET BEEN SUBMITTED TO KING FOR ROYAL ASSENT, REPORTEDLY BECAUSE THE GOVERNMENT IS CONSIDERING AMENDING IT TO LIMIT THE SCOPE OF ELECTIONS UNDER THE BILL. AS PASSED BY PARLIAMENT, ELECTIONS WOULD HAVE TO BE HELD FOR MORE THAN 50,000 VILLAGE AND SUB-DISTRICT POSITIONS, PRESENTING A STAGGERING ORGANIZATIONAL PROBLEM. EVEN IF THE BILL IS AMENDED IN THE NEXT PARLIAMENTARY SESSION TO COVER ONLY THOSE POSITIONS WHOSE INCUMBENTS HAVE HELD OFFICE FOR MORE THAN FIVE YEARS, ABOUT 25,000 POSITIONS WILL BE INVOLVED. SOME LOCAL ELECTIONS ARE LIKELY TO BE HELD IN THE NEXT FEW MONTHS, INVOLVING MOST OF THE COUNTRY, AND THE OUTCOME WILL HAVE A SIGNIFICANT, IF SO FAR UNPREDICTABLE EFFECT ON THE POLITICAL SITUATION.

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ACTION EA-09

INFO OCT-01 ISO-00 CIAE-00 DODE-00 PM-04 H-02 INR-07 L-03

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FM AMEMBASSY BANGKOK  
TO SECSTATE WASHDC 6110  
INFO COMUSMACTHAI BANGKOK  
CINCPAC HONOLULU  
AMCONSUL CHIANG MAI  
AMCONSUL UDORN  
AMCONSUL SONGKHLA

C O N F I D E N T I A L SECTION 2 OF 2 BANGKOK 26894

6. IN THE BACKGROUND OF CURRENT POLITICAL DEVELOPMENTS IS A CONTINUING CONCERN OVER THE INTERNAL SECURITY SITUATION. DEMONSTRATIONS IN THE MUSLIM SOUTH (ABOVE) ARE AN IMMEDIATE PROBLEM, BUT THERE IS CONCERN OVER THE SECURITY SITUATION IN THE NORTH AND PARTICULARLY IN THE NORTHEAST. DEMOCRAT MP TADA SANGUANPONG (BANGKOK) SAID PUBLICLY ON DEC 27 WHAT MANY PROMINENT POLITICAL AND BUSINESS FIGURES ARE SAYING PRIVATELY, THAT THE COMMUNIST INSURGENTS PLAN TO LAUNCH AN ALL-1975 9\*\*3, 8;3 3-4)6 8, 1976, AIMED AT LIBERATING THE NORTHEAST BY 1977. JOINED TO THIS CONCERN IS THE OFTEN-EXPRESSED VIEW THAT THE KHUKRIT GOVERNMENT, WHATEVER ITS GOOD INTENTIONS, IS SIMPLY NOT UP TO COPING WITH A MAJOR COMMUNIST EFFORT TO TAKE OVER THE NORTHEAST. IN POLITICAL TERMS, IT IS BESIDE THE POINT TO NOTE THAT THERE IS LITTLE EVIDENCE OF ANY SUBSTANTIAL PICKUP IN COMMUNIST ACTIVITY IN THE NORTH-EAST SO FAR IN THIS DRY SEASON. CONCERN OVER WHAT IS FREQUENTLY SEEN -- WHATEVER THE EVIDENCE -- AS A DETERIORATING SECURITY SITUATION MAY HAVE CONSIDERABLE  
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IMPACT ON THE PROSPECTS FOR THE KHUKRIT GOVERNMENT, PARTICULARLY WHEN JOINED TO THE OTHER PROBLEMS NOTED ABOVE. (WE ARE ANALYZING THE CURRENT STATUS OF THE INSURGENCY IN A SEPARATE TELEGRAM.)

7. ECONOMIC ISSUES: THE RTG IN EARLY DECEMBER ANNOUNCED ABOUT A 20 PERCENT INCREASE IN THE RETAIL PRICE OF RICE AND SUGAR TO BE EFFECTIVE JANUARY 1, 1976. THE RTG ALSO GUARANTEED FARMERS AN AVERAGE OF BAHT 2,500 (US\$125) PER METRIC TON FOR THE 1975/76 PADDY CROP (ROUGH RICE) AND BAHT 300 (US\$15) PER METRIC TON FOR SUGAR CANE. WHILE THERE ARE SOUND ECONOMIC AND SOCIAL REASONS FOR INCREASING PRICES TO THE FARMERS, THE ANNOUNCEMENT A MONTH IN ADVANCE WAS A POOR MOVE TACTICALLY, SINCE IT GAVE TIME TO OPPONENTS OF THE MOVE TO MOUNT A CAMPAIGN TO HAVE THE GOVERNMENT RESCIND ITS DECISION. UNION LEADERS HAVE CALLED FOR A GENERAL STRIKE ON JANUARY 2 TO FORCE THE GOVERNMENT TO BACK DOWN. PRESS ACCOUNTS HAVE SENSATION-

ALIZED THE CALL FOR A GENERAL STRIKE, WHICH ACTUALLY CONTAINED MANY QUALIFICATIONS -- ESSENTIAL SERVICES, COMMUNICATIONS, ELECTRICITY AND WATER SUPPLY WILL BE MAINTAINED AND THERE WILL BE NO PUBLIC RALLY. THE PRIME MINISTER HAS VOWED NOT TO RETREAT ON THE ISSUE OF RAISING

RETAIL PRICES, SINCE THEY ARE LINKED TO HIGHER PRICES TO FARMERS -- A MAJOR GOAL OF HIS GOVERNMENT. EMBASSY DOUBTS THAT GOVERNMENT WILL RESCIND PRICE INCREASES. WHILE IT WILL GET BY THIS PARTICULAR THREAT ON JANUARY 2, THE ISSUE DRAWN IS ONE THAT WILL CONTINUE TO CHALLENGE THE GOVERNMENT, SINCE MEASURES TO AID FARMERS WILL NECESSARILY RAISE PRICES IN BANGKOK.

8. THE GOVERNMENT IS EXPECTED TO AUTHORIZE INCREASED RETAIL PRICES FOR PETROLEUM PRODUCTS IN JANUARY. PETROLEUM PRICES ARE ANOTHER SENSITIVE POLITICAL AND ECONOMIC ISSUE. THE RTG HAS NOT ALLOWED THE FULL IMPACT OF THE OPEC PRICE INCREASES OF 1973-74 TO BE REFLECTED IN

RETAIL PRICES, BUT IT IS NOW PREPARED TO GIVE THE OIL COMPANIES SOME PRICE RELIEF. WE EXPECT LABOR AND STUDENT  
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ACTIVIST PROTEST WHEN THE OFFICIAL ANNOUNCEMENT OF PRICE INCREASES IS MADE, WHICH COULD BE IN THE SECOND WEEK OF JANUARY. PROTEST WILL BE POPULAR, BUT THE PRICE INCREASE APPEARS INEVITABLE.

9. WHILE NOT A FRONT-PAGE ISSUE, THE CRISIS IN THE TEXTILE INDUSTRY HAS GOVERNMENT LEADERS CONCERNED. THE INDUSTRY HAS BEEN DEPRESSED FOR NEARLY TWO YEARS. THAI MARKETS IN THE DEVELOPED COUNTRIES WERE HURT BY THE RECESSION IN 1974; THE LOSS OF THE CAMBODIAN AND LAO MARKETS IN 1975 DEALT A FURTHER BLOW TO THE INDUSTRY, WHICH HAS SEEN DEMAND PLUMMET JUST WHEN EXPENSIVE NEW CAPACITY WAS COMING ON STREAM. NEW PLANT AND EQUIPMENT WAS LARGELY FINANCED BY THE THAI BANKING SYSTEM, WHICH IS HEAVILY COMMITTED IN TEXTILE LOANS. GREAT EFFORT WILL BE REQUIRED OF BOTH GOVERNMENT AND THE PRIVATE SECTOR TO GET THE INDUSTRY THROUGH THE DIFFICULT PERIOD AHEAD. A FAILURE OF ONE OF THE MAJOR TEXTILE MILLS COULD HAVE SERIOUS EFFECTS ON THE BANKING SYSTEM AND THE THAI ECONOMY IN GENERAL.

10. COMMENT: IN DEALING WITH THIS RANGE OF POLITICAL AND ECONOMIC ISSUES PRIME MINISTER KHUKRIT WILL ONCE AGAIN NEED TO CALL ON HIS DEMONSTRATED SKILL IN AVOIDING OR DEFUSING POTENTIALLY TROUBLESOME ISSUES. ON THE WHOLE,

WE BELIEVE THE RTG WILL SUCCESSFULLY RESOLVE THESE PROBLEMS OR REDUCE THEM TO MANAGEABLE PROPORTIONS. HOWEVER, THE POSSIBILITY CANNOT BE ENTIRELY EXCLUDED THAT KHUKRIT WILL LOSE HIS FOOTING ON ONE OR MORE OF THESE PROBLEMS AND LOSE A CONFIDENCE MOTION WHEN PARLIAMENT RECONVENES FEBRUARY 5 OR EARLIER, IF A SPECIAL SESSION IS SUMMONED.  
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